

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 11/1/2016	(3) CONTACT/PHONE Lisa Howe, Administrative Analyst 781-5011	
(4) SUBJECT Review of the FY 2017-18 Budget Goals and Policies, Budget Balancing Strategies and Approaches, and Board Priorities. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board: 1. Review and approve the FY 2017-18 Budget Goals and Policies (Attachment 1), 2. Review and approve the Budget Balancing Strategies and Approaches (Attachment 2), and 3. Provide staff with direction regarding any changes to the Board's Priorities.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>30 Minutes</u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW This item was prepared by the Administrative Office			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office / Lisa Howe, Administrative Analyst
781-5011

DATE: 11/1/2016

SUBJECT: Review of the FY 2017-18 Budget Goals and Policies, Budget Balancing Strategies and Approaches, and Board Priorities. All Districts.

RECOMMENDATION

It is recommended that the Board:

1. Review and approve the FY 2017-18 Budget Goals and Policies (Attachment 1),
2. Review and approve the Budget Balancing Strategies and Approaches (Attachment 2), and
3. Provide staff with direction regarding any changes to the Board's Priorities.

DISCUSSION

The Budget Goals and Policies, Budget Balancing Strategies and Approaches, and Board priorities together provide the framework in which the budget is prepared. As illustrated in the October 11, 2016 financial forecast to the Board, overall, the County's budget is structurally balanced and the financial outlook is positive. The County continues to grow at an anticipated pace of just over 3%, which is in line with longer-term projections of 2-4%. Continued compliance with the Board-adopted Budget Goals and Policies will be important to assuring the ongoing fiscal health of the County.

FY 2017-18 Budget Goals and Policies

Budget Goals and Policies are important because they help to institutionalize good financial management practices, clarify and crystalize strategic intent for financial management, define boundaries, support good bond ratings, promote longer-term strategic thinking, comply with established public management best practices, and meet legal obligations. Each year the Board of Supervisors adopts budget goals and policies to guide staff in the preparation of the proposed budget. Over the past several years, the Board has approved changes to its Budget Goals and Policies in an effort to strengthen the County's financial policies in accordance with the Government Finance Officers Association's (GFOA) recommended best practices on the adoption of financial policies. For the past five years, the County has received positive feedback on these changes from peers who reviewed the County's FY 2011-12 through FY 2015-16 Final Budget Documents for the GFOA Distinguished Budget Presentation Award.

For FY 2017-18, staff is recommending additional language be added to the Capital Project Policies section of Attachment 1. The proposed language is consistent with the Board adopted Infrastructure and Facilities Five Year Capital Improvement Plan. The project selection process uses criteria to help prioritize proposed projects, increase coordination between the development of facilities and infrastructure projects and the incorporation of land use plans and goals. The process is transitioning towards a systematic evaluation for County facilities through conducting Facility Condition Assessments (FCAs) which provide for asset management and evaluation in order to keep facilities in a good state of repair. The County is also initiating an update to its 1996 Americans with Disabilities Act (ADA) Transition Plan. This work will evaluate sites, similar to the FCA process, for compliance to past and current ADA standards and provide a long term program to develop necessary upgrades to infrastructure and facilities.

Staff is recommending adding the criterion that projects shall be evaluated based on *consistency with a project identified in the building's Facility Condition Assessment and/or Americans with Disabilities Act Transition Plan update*. Staff is also recommending specific funding considerations for both FCA and ADA projects as shown below.

Facility Condition Assessment (FCA): *Continue the on-going assessment of the maintenance needs of County facilities, and consider funding critical and potentially critically projects as identified.*

Americans with Disabilities Act (ADA): *Consider funding a portion of the projects identified in the County's ADA Transition Plan update.*

At this time, staff believes that all of the other existing Budget Goals and Policies provide adequate framework for budget development. As such, no other changes are being proposed to the Board's Budget Goals and Policies for FY 2017-18.

Budget Balancing Strategies and Approaches

One of the overarching objectives of the budget strategies is to strike a balance between maintaining fiscal health; continuing to provide programs and services to the County's many and varied customers; and providing competitive salaries and benefits to County employees. In order to maintain the County's fiscal health, this balance is important in both times of financial difficulty and growth.

Despite the County's stable financial position moving into FY 2017-18, it is important that the County identify preferences for strategies and approaches that may be utilized regardless of financial cycles. This will help assure that the County remains adaptable to changing conditions, and able to adjust in the face of setbacks. In FY 2016-17, the Budget Balancing Strategies and Approaches were revised to incorporate the County's preferred budget balancing strategies and approaches regardless of financial situation. As a result, no changes are being proposed to the Budget Balancing Strategies and Approaches.

Board Priorities

On October 11, 2016, staff presented the FY 2017-18 Financial Forecast. During that discussion, it was indicated that the Board would discuss its FY 2017-18 priorities at the same time that the FY 2017-18 Budget Goals and Policies and Budget Balancing Strategies and Approaches were considered.

Currently the Board's priorities are as follows (in order):

- Meet legal mandates
- Meet debt service requirements
- Public Safety- defined as:
 - Sheriff-Coroner (fund center 136)
 - District Attorney (fund center 13201)
 - Probation (fund center 139)
 - County Fire (fund center 140)

OTHER AGENCY INVOLVEMENT/IMPACT

All County departments will utilize the Budget Goals and Policies, Budget Balancing Strategies and Approaches and Board Priorities in the preparation of the FY 2017-18 budget.

FINANCIAL CONSIDERATIONS

There is no financial impact directly associated with the adoption of the Budget Goals and Policies and Budget Balancing Strategies and Approaches. However, it should be noted that the establishment of sound fiscal policies has, and will continue to have a positive impact on the County's long-term fiscal health by helping to frame resource allocation decisions. The establishment of Board priorities helps to guide development of the budget and decisions about funding levels for various programs and services.

RESULTS

The approval of the FY 2017-18 Budget Goals and Policies, Budget Balancing Strategies and Approaches, and Board Priorities will contribute to the development of a Proposed Budget document that reflects the goals and policies of the Board of Supervisors and will provide a framework for the continued creation of a spending plan that focuses on measurable results and high performance.

ATTACHMENTS

Attachment 1 - FY 2017-18 Budget Goals and Policies

Attachment 2 - FY 2017-18 Budget Balancing Strategies and Approaches